# weekly economic review

April 11, 2014

## Oil & Gas Exports

*Gas production responds to higher prices*

Producers of natural gas are responding to higher export prices, with total exports of natural gas jumping 12.9% year-over-year (y/y) in January (see chart). This is the third consecutive month of increases after a persistant slow down over the previous 12 months. Between September and January the Alberta Reference Price for natural gas increased by almost 70%.

Total oil exports expanded as well in January, up 8.5% over January 2013.

## New Housing Price Index

*Prices in Calgary continue to grow*

The New Housing Price Index (NHPI) in Alberta was up 3.3% year-over-year (y/y) in February. The difference in growth between Calgary and Edmonton continues to diverge; Calgary's growth was 6.9% y/y, while Edmonton's was largely unchanged at -0.1% y/y. On a national level, Alberta saw the fastest NHPI growth among the provinces, with national NHPI up 1.5%. Calgary (6.9%) led the major Canadian cities, followed by Saskatoon at 3.5% y/y.

## Building Permits

*Building permits up year-to-date*

The total value of building permits fell 14.8% y/y in February, but because of strong gains in January permits are up 10.6% so far in 2014. Residential buildings remain a source of growth, increasing 5.2% y/y after jumping more than 50% last month. The bulk of growth in residential permits stems from Calgary, with higher house prices and flood reconstruction stimulating construction activity. Non-residential building permits contracted (-36.6% y/y) with industrial, commercial and institutional all falling year-over-year.

Nationally, the value of building permits climbed 3.8% with strong growth in non-residential permits lifting weak growth in residential.

## World Economic Outlook

*Global growth expected to rise*

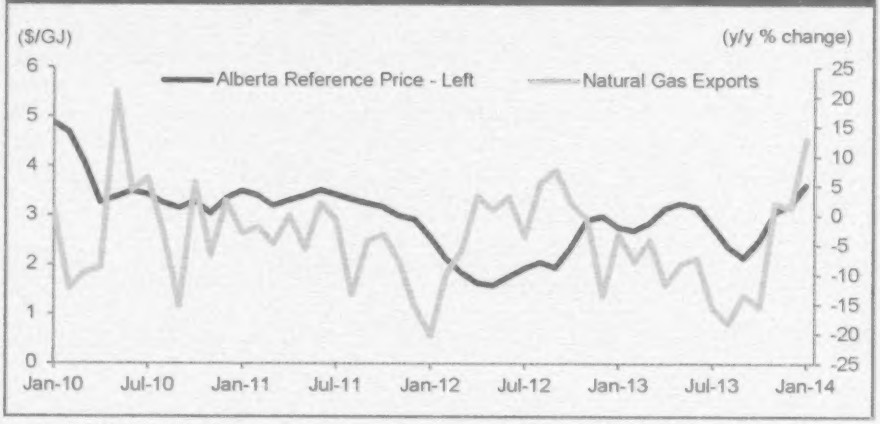
The IMF continues to expects global growth to strengthen from an estimated 3.0% in 2013 to 3.6% in 2014 and 3.9% in 2015 but the forecast for each of 2014 and 2015 is 0.1 percentage points lower than what the IMF predicted in January. The lower forecast is due to slower than expected growth in emerging market economies, specifically those outside of Asia. Despite the downgrade, risks to the IMF's outlook have subsided, with the global economy more firmly on the path to full recovery from the 2008-09 recession.

## Business Outlook Survey

*Growth expectations improve*

The Bank of Canada's Business Outlook Survey reveals that Canadian firms are benefiting from a lower dollar and an improvement in the global economy. More firms than not reported sales growth over the past 12 months, with the balance also expecting improved sales growth over the next 12 months. According to the Bank, firms remain uncertain about domestic economy and face intense competition, which is keeping a lid on output prices.

### Price and Exports of Alberta Natural Gas




**Source**: Statistics Canada

| Closing Price | April 3, 2014 | April 10, 2014 | 2014-15 Fiscal YTD |
|---|---|---|---|
| Canadian Dollar (US¢/$CAN) | 90.62 | 91.64 | 91.14 |
| WTI Oil ($US/bbl) | 100.29 | 103.40 | 101.35 |
| NYMEX Natural Gas($US/MMBtu) | 4.47 | 4.66 | 4.48 |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## Alberta Economic Indicators

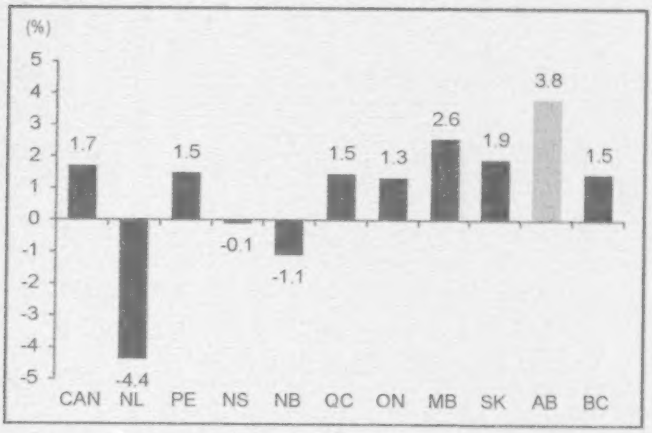
| Population[1] | 2012 | 2013 | 2014YTD | Oct | Nov | Dec | Jan | Feb | Mar |
|---|---|---|---|---|---|---|---|---|---|
| Population (000's) | 3,889 | 4,025 | 4,083 | 4,061 | .. | .. | 4,083 | .. | .. |
| y/y % change | 2.6 | 3.5 | 3.4 | 3.5 | .. | .. | 3.4 | .. | .. |
| Net Interprovincial Migration | 27,652 | 52,677 | 15,932 | 10,269 | .. | .. | 5,663 | .. | .. |
| Net International Migration | 40,842 | 52,551 | 25,185 | 16,436 | .. | .. | 8,749 | .. | .. |
| Net Non-permanent Residents | 10,085 | 19,560 | 9,274 | 8,213 | .. | .. | 1,061 | .. | .. |
| **Labour Market** | | | | | | | | | |
| Employment (000's), SA | 2,150 | 2,211 | 2,256 | 2,235 | 2,246 | 2,237 | 2,243 | 2,262 | 2,261 |
| y/y % change | 2.7 | 2.9 | 3.7 | 3.5 | 3.5 | 3.1 | 3.2 | 3.8 | 4.0 |
| Unemployment Rate (%), SA | 4.6 | 4.6 | 4.6 | 4.5 | 4.7 | 4.8 | 4.6 | 4.3 | 4.9 |
| Participation Rate (%), SA | 73.4 | 73.1 | 73.1 | 73.0 | 73.3 | 72.9 | 72.8 | 73.1 | 73.3 |
| Average Weekly Earnings ($), SA | 1,070.31 | 1,107.76 | 1,134 | 1,123 | 1130.1 | 1140.5 | 1,134 | .. | .. |
| y/y % change | 3.5 | 3.5 | 5.1 | 3.6 | 4.1 | 4.7 | 5.1 | .. | .. |
| **Price Indices** | | | | | | | | | |
| Consumer Price Index (y/y % change) | 1.1 | 1.4 | 2.6 | 1.0 | 1.7 | 2.1 | 2.7 | 2.4 | |
| Excluding food and energy | 1.4 | 1.4 | 2.2 | 1.6 | 1.5 | 1.9 | 2.1 | 2.3 | |
| Non-Res. Building Const. Price Index[2] (y/y % change) | 3.8 | 1.2 | .. | .. | .. | 1.3 | .. | .. | |
| Farm Product Price Index (y/y % change) | 6.8 | 4.5 | .. | -0.9 | -4.4 | -5.4 | .. | .. | |
| Crops | 8.0 | 4.3 | .. | -10.1 | -12.3 | -16.1 | .. | .. | |
| Livestock | 5.7 | 4.6 | .. | 9.0 | 5.3 | 5.5 | .. | .. | |
| **Household Sector** | | | | | | | | | |
| Housing Starts (SAAR, 000's) | 33.4 | 36.0 | 38.3 | 38.2 | 43.9 | 36.2 | 39.3 | 35.7 | 39.9 |
| y/y % change | 29.9 | 7.8 | 16.8 | 14.4 | 9.6 | 18.6 | 29.5 | 4.5 | 17.9 |
| **NEW!** New Housing Price Index[3] (y/y % change) | 1.3 | 2.8 | 3.2 | 3.0 | 3.1 | 2.9 | 3.2 | 3.3 | |
| Edmonton | 0.9 | 0.4 | -0.2 | 0.3 | 0.0 | 0.2 | -0.2 | 0.1 | |
| Calgary | 1.7 | 5.3 | 6.9 | 6.1 | 6.5 | 6.1 | 7.0 | 6.9 | |
| MLS Average Resale Prices ($ 000's) | 362.0 | 380.2 | 401.8 | 381.5 | 388.6 | 389.7 | 399.6 | 404.0 | |
| y/y % change | 2.6 | 5.0 | 7.6 | 3.9 | 5.3 | 4.7 | 7.9 | 7.3 | |
| Edmonton ($ 000's) | 332.7 | 343.8 | 360.4 | 339.2 | 347.2 | 356.9 | 356.5 | 364.2 | |
| y/y % change | 2.6 | 3.3 | 6.8 | 1.4 | 2.5 | 5.3 | 6.7 | 6.9 | |
| Calgary ($ 000's) | 410.8 | 436.6 | 456.2 | 439.8 | 449.3 | 449.5 | 456.4 | 456.0 | |
| y/y % change | 2.2 | 6.3 | 5.3 | 4.2 | 7.7 | 4.5 | 5.9 | 4.7 | |
| Retail Sales, SA (y/y % change) | 6.9 | 6.6 | 9.8 | 6.8 | 7.2 | 7.8 | 9.8 | .. | |
| New Motor Vehicle Unit Sales (y/y % change) | 10.5 | 6.2 | -1.8 | 6.5 | 5.3 | 7.9 | -1.8 | .. | |
| Consumer Bankruptcies | 5759 | 4689 | 336 | 383 | 323 | 284 | 336 | .. | |
| y/y % change | -18.1 | -18.6 | -24.7 | -21.7 | -23.1 | -17.9 | -24.7 | .. | |
| **Business Sector** | | | | | | | | | |
| Rigs Drilling | 250 | 235 | 355 | 239 | 233 | 259 | 392 | 403 | 307 |
| y/y % change | -12.6 | -5.9 | -0.1 | 1.0 | 9.8 | -9.9 | 6.7 | -4.4 | 0.4 |
| Goods Exports, customs based (y/y % change) | 2.8 | 8.2 | 9.9 | 18.6 | 14.0 | 19.0 | 12.4 | 7.1 | |
| Energy | 3.6 | 11.2 | 12.2 | 25.6 | 18.2 | 27.9 | 15.4 | 8.7 | |
| Farm, Fishing and Intermediate Food | 20.6 | -8.3 | -9.2 | 14.4 | -3.6 | -18.1 | -6.3 | 12.0 | |
| Farm Cash Receipts (quarterly, y/y % change) | 15.8 | 2.1 YTD | .. | .. | .. | .. | .. | .. | |
| Manufacturing Shipments, SA (y/y % change) | 3.4 | 1.9 | 7.0 | 6.0 | 7.4 | 5.3 | 7.0 | .. | |
| Wholesale Trade, SA (y/y % change) | 10.8 | 2.1 | 3.9 | 5.1 | 1.5 | 0.9 | 3.9 | .. | |
| **NEW!** Building Permits, SA (y/y % change) | 14.8 | 17.7 | 10.6 | 24.7 | 6.9 | 10.7 | 40.9 | 14.8 | |
| Residential | 18.2 | 19.0 | 27.8 | 39.1 | 15.6 | 23.3 | 50.8 | 5.2 | |
| Non-residential | 10.7 | 16.1 | -11.8 | 5.5 | -29.7 | -4.4 | 24.9 | -36.6 | |
| Business Bankruptcies | 230 | 137 | 7 | 15 | 8 | 14 | 7 | .. | |
| y/y % change | 12.9 | -40.4 | -30.0 | -16.7 | -46.7 | -12.5 | -30.0 | .. | |

1 Quarterly, annual numbers are presented on a census year basis (July 1 – June 30)
2 Quarterly, average of Calgary and Edmonton
3 Average of Calgary and Edmonton
**YTD** (year-to-date) represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted, "SAAR" denotes seasonally adjusted at annual rate.

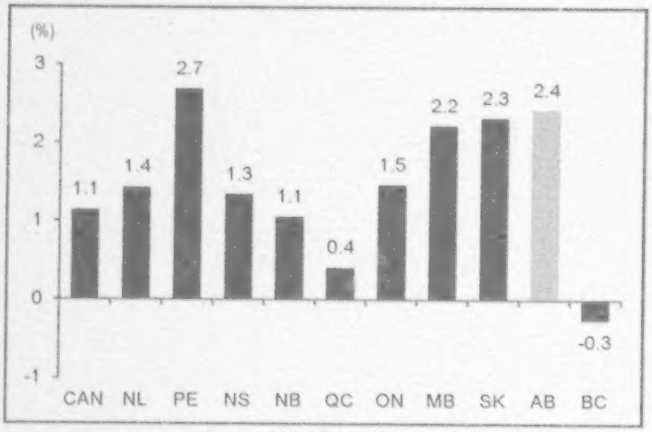
p denotes a preliminary annual number
**Sources:** All data are from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canada Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (office of the superintendent of Bankruptcy Canada)
**All historical data are subject to revision.**

## Economic Indicators by Province

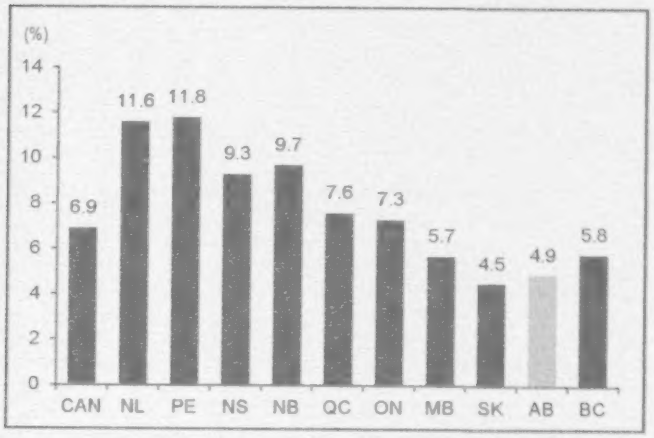
### Real GDP at Market Prices
(2012, year-over-year growth)



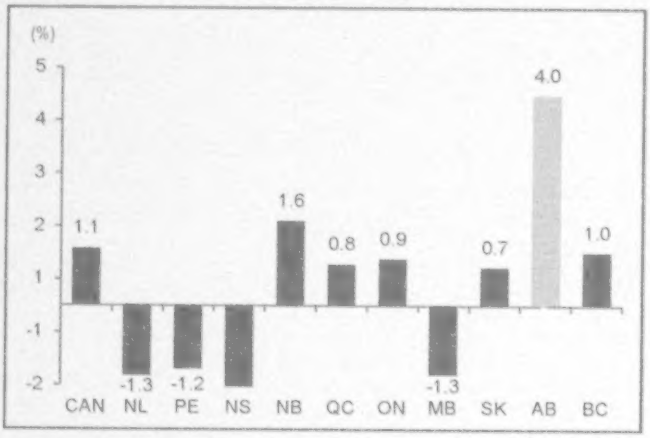

### CPI Inflation
(February 2014, year-over-year growth)



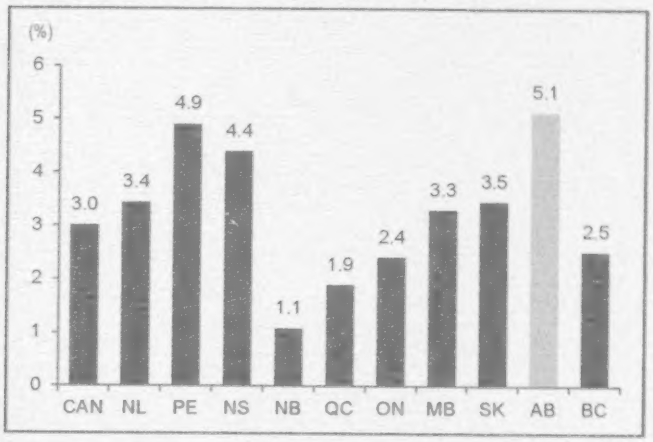

### Unemployment Rate
(March 2014)




### Employment
(March 2014, year-over-year growth)




### Average Weekly Earnings
(January 2014, year-over-year growth)




### Housing Starts
(March 2014, SAAR, year-over-year growth)